

AMENDED IN ASSEMBLY APRIL 11, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

## ASSEMBLY BILL

No. 798

Introduced by Assembly Member Wolk

February 18, 2005

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~~An act relating to public resources.~~ *An act to add Division 26.7 (commencing with Section 79600) to the Water Code, relating to financing a water quality, watershed protection, and flood management program, by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 798, as amended, Wolk. ~~Public resources; water; parks; wildlife protection; bond funds~~ *Water Quality, Watershed Protection, and Flood Management Bond Act of 2006.*

*Under existing law, various measures have been approved by the voters to provide funds for water projects, facilities, and programs.*

*This bill would enact the Water Quality, Watershed Protection, and Flood Management Bond Act of 2006 which, if adopted, would authorize, for purposes of financing a water quality, watershed protection, and flood management program, the issuance, pursuant to the State General Obligation Bond Law, of bonds in the amount of \$\_\_\_\_\_.*

*This bill would require the Secretary of State to submit the bond act to the voters at the \_\_\_\_\_ election.*

~~Existing law regulates funding for water, park, and wildlife protection projects.~~

~~This bill would set forth legislative intent regarding providing bond funds for water, park, and wildlife protection projects.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: ~~no~~  
yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

~~SECTION 1. The Legislature hereby finds and declares that it  
is the intent of the Legislature to enact legislation to provide  
bond funds for water, park, and wildlife protection projects.~~

SECTION 1. Division 26.7 (commencing with Section 79600)  
is added to the Water Code, to read:

DIVISION 26.7. WATER QUALITY, WATERSHED  
PROTECTION, AND FLOOD MANAGEMENT BOND ACT OF  
2006

CHAPTER 1. GENERAL PROVISIONS

79600. This division shall be known and may be cited as the  
Water Quality, Watershed Protection, and Flood Management  
Bond Act of 2006.

CHAPTER 2. THE WATER QUALITY, WATERSHED PROTECTION,  
AND FLOOD MANAGEMENT FUND

79610. The Water Quality, Watershed Protection, and Flood  
Management Fund is hereby established in the State Treasury.

79611. The proceeds of bonds issued and sold pursuant to  
this division shall be deposited in the fund. All money deposited  
in the fund shall be expended only for the purposes and in the  
amounts set forth in this division and for no other purpose.

CHAPTER 3. FISCAL PROVISIONS

79690. Bonds in the total amount of \_\_\_\_\_ dollars (\$\_\_\_\_),  
not including the amount of any refunding bonds, may be issued  
and sold to provide a fund to be used for carrying out the  
purposes expressed in this division and to reimburse the General  
Obligation Bond Expense Revolving Fund pursuant to Section  
16724.5 of the Government Code. The bonds, when sold, shall be  
and constitute a valid and binding obligation of the State of

California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

79691. The bonds authorized by this division shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law, except Section 16727, apply to the bonds and to this division and are hereby incorporated in this division as though set forth in full in this division.

79692. (a) Solely for the purpose of authorizing the issuance and sale, pursuant to the State General Obligation Bond Law, of the bonds authorized by this division, the Water Quality, Watershed Protection, and Flood Management Finance Committee is hereby created. For purposes of this division, the Water Quality, Watershed Protection, and Flood Management Finance Committee is "the committee" as that term is used by the State General Obligation Bond Law. The committee consists of the Treasurer, the Controller, and the Director of Finance, or their designated representatives. The Treasurer shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) For purposes of the State General Obligation Bond Law, each state agency that administers an appropriation from the fund is designated the "board."

79693. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this division in order to carry out the actions specified in this division and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

79694. There shall be collected each year, and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do so, and

1 *perform each and every act that is necessary to collect that*  
2 *additional sum.*

3 *79695. Notwithstanding Section 13340 of the Government*  
4 *Code, there is hereby appropriated from the General Fund in the*  
5 *State Treasury, for purposes of this division, an amount that will*  
6 *equal the total of the following:*

7 *(a) The sum annually necessary to pay the principal of, and*  
8 *interest on, bonds issued and sold pursuant to this division, as*  
9 *the principal and interest become due and payable.*

10 *(b) The sum which is necessary to carry out the provisions of*  
11 *Section 79696, appropriated without regard to fiscal years.*

12 *79696. For the purposes of carrying out this division, the*  
13 *Director of Finance may authorize the withdrawal from the*  
14 *General Fund of an amount not to exceed the amount of the*  
15 *unsold bonds that have been authorized by the committee to be*  
16 *sold for the purpose of carrying out this division. Any amount*  
17 *withdrawn shall be deposited in the fund. Any money made*  
18 *available under this section shall be returned to the General*  
19 *Fund from proceeds received from the sale of bonds for the*  
20 *purpose of carrying out this division.*

21 *79697. All money deposited in the fund that is derived from*  
22 *premium and accrued interest on bonds sold shall be reserved in*  
23 *the fund, and shall be available for transfer to the General Fund*  
24 *as a credit to expenditures for bond interest.*

25 *79698. Pursuant to Chapter 4 (commencing with Section*  
26 *16720) of Part 3 of Division 4 of Title 2 of the Government Code,*  
27 *the cost of bond issuance shall be paid out of the bond proceeds.*  
28 *These costs shall be shared proportionally by each program*  
29 *funded through this bond act.*

30 *79699. The agency that administers an appropriation from*  
31 *the fund may request the Pooled Money Investment Board to*  
32 *make a loan from the Pooled Money Investment Account,*  
33 *including other authorized forms of interim financing that*  
34 *include, but are not limited to, commercial paper, in accordance*  
35 *with Section 16312 of the Government Code, for the purpose of*  
36 *carrying out this division. The amount of the request shall not*  
37 *exceed the amount of the unsold bonds that the committee, by*  
38 *resolution, has authorized to be sold for the purpose of carrying*  
39 *out this division. The requesting agency shall execute any*  
40 *documents required by the Pooled Money Investment Board to*

1 obtain and repay the loan. Any amounts loaned shall be  
2 deposited in the fund to be allocated by the requesting agency in  
3 accordance with this division.

4 79700. The bonds may be refunded in accordance with  
5 Article 6 (commencing with Section 16780) of Chapter 4 of Part  
6 3 of Division 4 of Title 2 of the Government Code, which is a part  
7 of the State General Obligation Bond Law. Approval by the  
8 voters of the state for the issuance of the bonds described in this  
9 division includes the approval of the issuance of any other bonds  
10 issued to refund any bonds originally issued under this division  
11 or any previously issued refunding bonds.

12 79701. Notwithstanding any provision of this division or the  
13 State General Obligation Bond Law, if the Treasurer sells bonds  
14 pursuant to this division that include a bond counsel opinion to  
15 the effect that the interest on the bonds is excluded from gross  
16 income for federal tax purposes, subject to designated  
17 conditions, the Treasurer may maintain separate accounts for the  
18 investment of bond proceeds and for the investment earnings on  
19 those proceeds. The Treasurer may use or direct the use of those  
20 proceeds or earnings to pay any rebate, penalty, or other  
21 payment required under federal law or to take any other action  
22 with respect to the investment and use of those bond proceeds  
23 required or desirable under federal law to maintain the  
24 tax-exempt status of those bonds and to obtain any other  
25 advantage under federal law on behalf of the funds of that state.

26 79702. The Legislature hereby finds and declares that,  
27 inasmuch as the proceeds from the sale of bonds authorized by  
28 this division are not "proceeds of taxes" as that term is used in  
29 Article XIII B of the California Constitution, the disbursement of  
30 these proceeds is not subject to the limitations imposed by that  
31 article.

32 SEC. 2. Section 1 of this act shall become effective upon the  
33 approval by the voters of the Water Quality, Watershed  
34 Protection, and Flood Management Bond Act of 2006, as set  
35 forth in Section 1 of the act adding this section.

36 SEC. 3. Section 1 of this act shall be submitted to the voters  
37 at the \_\_\_\_ election in accordance with provisions of the  
38 Government Code and the Elections Code governing the  
39 submission of statewide measures to the voters.

1     *SEC. 4. Notwithstanding any other provision of law, all*  
2     *ballots at the election shall have printed thereon and in a square*  
3     *thereof, the words: "Water Quality, Watershed Protection, and*  
4     *Flood Management Bond Act of 2006" and in the same square*  
5     *under those words, the following in 8-point type: "This act*  
6     *provides for a bond issue of \_\_\_\_ dollars (\$\_\_\_\_) to provide*  
7     *funds for a water quality, watershed protection, and flood*  
8     *management program." Opposite the square, there shall be left*  
9     *spaces in which the voters may place a cross in the manner*  
10    *required by law to indicate whether they vote for or against the*  
11    *act.*